

AMENDED IN SENATE APRIL 29, 2002

SENATE BILL

No. 1477

Introduced by Senator Speier

February 19, 2002

An act to add Section 685 to the Business and Professions Code, to add Sections 16583.5 and 16583.7 to the Government Code, and to add Section 19568 to the Revenue and Taxation Code, relating to student loans.

LEGISLATIVE COUNSEL'S DIGEST

SB 1477, as amended, Speier. ~~Student Health care practitioners:~~ *student loans.*

~~The Accounts Receivable Management Act imposes various requirements on participants, including state agencies, with respect to the participants' accounts receivable collection systems, and authorizes participants to take certain actions regarding the collection of these accounts receivable.~~

~~This bill would require the Student Aid Commission to enter into an interagency agreement with the Franchise Tax Board to collect all or part of the commission's outstanding accounts receivable, in any manner authorized by law for the collection of a delinquent personal income tax liability. The bill would require the commission to develop criteria and policy that would define when an account receivable is delinquent and thereby subject to collection by the board. The bill would require, upon concurrence of the Controller, that amounts collected by the board be deposited in accordance with the interagency agreement.~~

Existing law provides for the licensure and regulation of health care practitioners, as defined.

This bill would require a *licensed* health care practitioner ~~with a delinquent student loan account~~ *who is in default on a Department of Health and Human Services education loan or service obligation or on a loan made under the Federal Family Education Loan Program* to have his or her license suspended until the ~~delinquency~~ default is cleared *or until he or she has made satisfactory repayment arrangements.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 685 is added to the Business and
2 Professions Code, to read:

3 685. A health care practitioner, as defined pursuant to Section
4 680 ~~and licensed pursuant to this division, who has a delinquent~~
5 ~~student loan account under Section 16583.5 of the Government~~
6 ~~Code shall have his or her license suspended until the delinquency~~
7 ~~is cleared, and licensed pursuant to this division, who is in default~~
8 *on a Department of Health and Human Services education loan,*
9 *including a Health Education Assistance Loan (HEAL), or service*
10 *obligation, or who is in default on a loan made under the Federal*
11 *Family Education Loan Program (FFELP), shall have his or her*
12 *license suspended until the default is cleared or until he or she has*
13 *made satisfactory repayment arrangements.*

14 ~~SEC. 2. Section 16583.5 is added to the Government Code, to~~
15 ~~read:~~

16 ~~16583.5. (a) Notwithstanding any other provision of law, the~~
17 ~~Student Aid Commission shall enter into an interagency~~
18 ~~agreement with the Franchise Tax Board to collect all or part of the~~
19 ~~commission's outstanding accounts receivable.~~

20 ~~(b) (1) The Student Aid Commission shall develop criteria and~~
21 ~~policy that would define when an account receivable is delinquent~~
22 ~~and thereby subject to collection by the Franchise Tax Board. For~~
23 ~~purposes of this section, at a minimum, "delinquent" means that~~
24 ~~all of the following conditions exist prior to referral to the~~
25 ~~Franchise Tax Board:~~

26 ~~(A) The amount is due and payable.~~

~~(B) Notice of the amount due and payable was sent to the debtor at the last known address maintained by the Student Aid Commission.~~

~~(C) In the case of complaints or protests by the debtor, the debtor has been provided all required administrative hearings, and does not have a judicial proceeding pending with respect to that debt.~~

~~(D) Notwithstanding Section 16584, the Student Aid Commission has referred the account to a private debt collector and, not less than nine months following that referral, the private debt collector has been unable to collect the account.~~

~~(2) This policy and criteria may include a minimum dollar threshold for delinquencies that would be referred to the Franchise Tax Board.~~

~~(e) When a delinquency is referred to the Franchise Tax Board pursuant to this section, the amount of the delinquency and any interest on the delinquency or other amounts that accrued prior to or accrue subsequent to the date of referral, shall be collected by the Franchise Tax Board in any manner authorized under the law for collection of a delinquent personal income tax liability, including, but not limited to, issuance of an order and levy under Article 4 (commencing with Section 706.070) of Chapter 5 of Division 2 of Title 9 of Part 2 of the Code of Civil Procedure in the manner provided for earnings withholding orders for taxes and including entering into agreements as authorized by Sections 19376 and 19377 of the Revenue and Taxation Code.~~

~~(d) Any law providing for the collection of a delinquent personal income tax liability, including Part 10.7 (commencing with Section 21001) of Division 2 of the Revenue and Taxation Code, which includes Section 21021 of the Revenue and Taxation Code relating to the awarding of damages for reckless disregard of procedures, shall apply to delinquencies referred under this section in the same manner and with the same force and effect and to the full extent as if the language of the law had been incorporated in full into this chapter, except to the extent that any provision is either inconsistent with this chapter or is not relevant to this chapter.~~

~~(e) The Franchise Tax Board shall provide notice to the debtor at the most recent address of record or last known address that payment by the debtor of the amount due within a certain~~

1 timeframe, which at a minimum shall be 10 days after the date of
2 the notice, shall prevent further collection action.

3 (f) ~~Any information, information sources, or enforcement~~
4 ~~remedies and capabilities available to the Student Aid~~
5 ~~Commission shall be available to the Franchise Tax Board for~~
6 ~~purposes of collecting delinquencies referred under this section.~~

7 (g) ~~Any agreement entered into pursuant to subdivision (a)~~
8 ~~shall include all of the following:~~

9 (1) ~~The criteria, standards, and procedures for referring the~~
10 ~~delinquencies to the Franchise Tax Board for collection pursuant~~
11 ~~to this section.~~

12 (2) ~~A statement that the delinquencies referred to the Franchise~~
13 ~~Tax Board are delinquent, as defined by the Student Aid~~
14 ~~Commission under paragraph (1) of subdivision (b), and subject~~
15 ~~to collection by the Franchise Tax Board.~~

16 (3) ~~A statement that in the event a person whose delinquency~~
17 ~~is referred under subdivision (c) notifies the Franchise Tax Board~~
18 ~~that there is a disagreement as to the amount due subject to~~
19 ~~collection, the Franchise Tax Board may, upon notification by that~~
20 ~~person, refer the person to the Student Aid Commission, return the~~
21 ~~account to the Student Aid Commission, or rescind any collection~~
22 ~~action that may have been taken. No account that is returned~~
23 ~~pursuant to this subdivision shall be again referred as a~~
24 ~~delinquency unless the delinquency has been reduced to a~~
25 ~~judgment or is an enforceable lien, if required to satisfy due~~
26 ~~process requirements.~~

27 (4) ~~A statement that the Franchise Tax Board's departmental~~
28 ~~costs attributable to the delinquencies referred pursuant to this~~
29 ~~section shall be reimbursed from a percentage of the referred~~
30 ~~delinquencies collected by the Franchise Tax Board not to exceed~~
31 ~~15 percent of the amount collected by the Franchise Tax Board on~~
32 ~~behalf of the Student Aid Commission.~~

33 (5) ~~A statement that the debtor may be allowed an opportunity~~
34 ~~to voluntarily enter into an installment payment agreement as~~
35 ~~provided under Section 19008 of the Revenue and Taxation Code.~~

36 (h) ~~For purposes of this section, "departmental costs~~
37 ~~attributable to the accounts referred under subdivision (c)" means~~
38 ~~the Franchise Tax Board's costs incurred to administer, maintain,~~
39 ~~and support the collection of delinquencies referred to the~~
40 ~~Franchise Tax Board pursuant to this section. These costs shall not~~

1 include development and implementation costs that shall be repaid
2 under a separate agreement between the Student Aid Commission
3 and the Franchise Tax Board as provided by statute.

4 (i) ~~The activities required to implement and administer this~~
5 ~~section shall not interfere with the primary mission of the~~
6 ~~Franchise Tax Board to administer Part 10 (commencing with~~
7 ~~Section 17001), and Part 11 (commencing with Section 23001), of~~
8 ~~Division 2 of the Revenue and Taxation Code.~~

9 (j) ~~Delinquencies referred to the Franchise Tax Board for~~
10 ~~collection pursuant to this section shall accrue interest in an~~
11 ~~amount computed by the Student Aid Commission, as permitted~~
12 ~~by law.~~

13 (k) ~~In no event shall amounts collected pursuant to this section~~
14 ~~be construed to be an income tax delinquency. In the case of a~~
15 ~~bankruptcy action, any delinquency referred under this section~~
16 ~~shall not be construed to be an income tax delinquency.~~

17 (l) ~~The Franchise Tax Board, Student Aid Commission, and~~
18 ~~Controller may each adopt regulations to implement the~~
19 ~~delinquency referral program authorized by this section in~~
20 ~~accordance with Chapter 3.5 (commencing with Section 11340) of~~
21 ~~Part 1 of Division 3.~~

22 SEC. 3. ~~Section 16583.7 is added to the Government Code, to~~
23 ~~read:~~

24 ~~16583.7. Upon concurrence of the Controller, amounts~~
25 ~~collected by the Franchise Tax Board pursuant to Section 16583.5~~
26 ~~shall be deposited as specified in an interagency agreement with~~
27 ~~the Student Aid Commission.~~

28 SEC. 4. ~~Section 19568 is added to the Revenue and Taxation~~
29 ~~Code, to read:~~

30 ~~19568. Any information provided to, or obtained by, the~~
31 ~~Franchise Tax Board for purposes of administering Part 10~~
32 ~~(commencing with Section 17001) or Part 11 (commencing with~~
33 ~~Section 23001) may be used by the Franchise Tax Board for~~
34 ~~purposes of collecting the delinquencies referred pursuant to~~
35 ~~Section 16583.5 of the Government Code.~~

36 SEC. 5. ~~Nothing in this act shall preclude the taking of any~~
37 ~~actions or the making of any adjustments that are required to~~
38 ~~satisfy federal or other regulatory mandates with respect to the~~
39 ~~collection of a Student Aid Commission account receivable prior~~
40 ~~or subsequent to the referral of that delinquency to the Franchise~~

1 Tax Board pursuant to Section 16583.5 of the Government Code.
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